



Social Protection Strategy

Syed Akhter Hussain Shah

Pakistan Institute of Development Economic Islamabad

2014

Online at <http://mpra.ub.uni-muenchen.de/59281/>

MPRA Paper No. 59281, posted 30. December 2014 23:44 UTC

Social Protection Strategy for Workers



GOVERNMENT OF KHYER PAKHTUNKHWA
LABOUR DEPARTMENT PESHAWAR

Social Protection Strategy for Workers



**GOVERNMENT OF KHYER PAKHTUNKHWA
LABOUR DEPARTMENT PESHAWAR**

ISBN 978 969 9987 00 7

First Published 2014 by
Art Master Advertising Agency
Opp: Sadaf Plaza, Shan Market
Mohalla Jangi, Peshawar.

Dr. Syed Akhtar Hussain Shah

Social Protection Strategy for Workers

**The contents including ideas of this strategy
are ownership of the Government of Khyber Pakhtunkhwa
Labour Department. These contents in part or in toto may be used,
reproduced, adopted by researcher, policy maker, the government,
international organization subject to appropriate reference
to be given in their own work, policy etc.
of the government or the author
Dr Syed Akhter Hussain Shah,
Additional Secretary Labour.**

Published by



**KHYBER PAKHTUNKHWA
EMPLOYEES SOCIAL SECURITY INSTITUTION**
SMALL INDUSTRIES ESTATE, KOHAT ROAD, PESHAWAR, PAKISTAN.

TABLE OF CONTENTS

Message from the Minister for Labour, Government of Khyber Pakhtunkhwa.	i
Preface	ii
Acknowledgement	iii
Executive Summary	iv
1. Introduction	1
2. Social Protection during life -cycle	2
3. Gaps in Social Protection Service	4
i. Vertical Gap	
ii. Horizontal Gap	
iii. Degree of Social Protection Gap	
4. Conclusion	9
References	10

Message from Minister for Labour

The labourer and their dependents in Khyber Pakhtunkhwa are facing more problems, spending difficult life and have relatively low income. They need more support health facilities and other social protection. The Provincial Government is committed to provide Social Protection to almost all the labourer and their families in all parts of the Province. Labourers in all sectors of the economy including formal and informal, services and agriculture will be targeted in future planning of Social Protection.

The labour Department has prepared a strategy for the whole province. I appreciate the efforts made by the officers of the Labour Department, especially Mr. Akbar Khan, Secretary Labour and Dr. Syed Akhtar Hussain Shah, Additional Secretary Labour.

Sdxxx
(Bakht Baidar)
Minister for Labour
Govt. of Khyber Pakhtunkhwa

Preface

The Government's broader objectives pertaining to improvement of living standard, increasing disposable income, extension of Social Protection, to all residents of the Province would be achieved in presence of hostile circumstances, geographical disadvantages, bad law and order situation. The Social Protection strategy has been devised by the Labour Department to cover vertical gap, horizontal gap and gap of degree of social protection for Social Protection to male and female. Unemployed, self employed, low income group and middle income group workers.

The Strategy would also cover including formal and informal, rural and urban, agriculture, mining services etc sectors. Over the time the Special Protection would be extended in all the Districts of the Province especially marginalized districts.

I appreciate the work done by my team specially Dr.Syed Akhtar Hussain Shah, Additional Secretary Labour for devising this comprehensive and forward looking strategy.

Sdxxx
(MUHAMMAD AKBAR KHAN)
Secretary Labour

Acknowledgement

I would like to express the deepest gratitude to almighty Allah, the most gracious and the most merciful, who enabled the Labour Department to develop the strategy paper “Social Protection Strategy for Khyber Pakhtunkhwa Workers”.

I acknowledge to Mr. Bakht Baidar, Minister for Labour, Industries, Commerce and Technical Education for his interests and appreciation in development of the strategy.

I am thankful to Mr. Akbar Khan, Secretary Labour Department for his guidance, appreciation in the process of forward looking and planning. His support in devising this strategy is appreciated.

Devising strategy paper is a team work and I appreciate inputs of Ms. Mehnaz Bibi, Research Officer and Mr. Abdul Waheed, Deputy Secretary. The informative discussions with Mr. Mohammad Anwar Khan Yousafzai, Director General, Employees Social Security Institution (ESSI), Khyber Pakhtunkhwa, Mr. Irfan Ullah, Director Labour, Khyber Pakhtunkhwa, Dr. Bilal, Workers Welfare Board, Khyber Pakhtunkhwa are also acknowledged. I also acknowledge contribution in odd hours of my support staff specially Mr. Jehan Zeb, Personal Assistant.

Discussion with employers, labourers, ILO staff, NGOs etc in the process of strategy preparation, remained a strong source of understanding multiple dimension of Social Protection.

This strategy may be replicated by any of other provincial government, federal government and other developing country.

Sdxxx
(Dr. Syed Akhtar Hussain Shah)
Additional Secretary Labour
Email: akhter_hshah@yahoo.com

Exective Summary

1. Currently total labour force of the Province is almost 7.31 million comprising of rural population of 6.11 million and urban population of 1.2 million. In the Province labours are employed in Agriculture Sector, Mining Sector, Small and large Scale Trading, Vendor Industry, low and high level Services Sector. The Government is providing coverage to formal sector of Industry and Corporate Sectors. The Government would plan to cover labours employed in Agriculture Sector, Mining Sector, Informal Sector, Services Sector, etc.

2. The Labour force and their dependents are given social protection at different stages. Currently around 60,000 workers and around 340,000 of their dependents are given social protection. Despite Government's all efforts coverage has been extended to a small portion of the working community. There are following three (03) types of gaps in Social Protection to residents of Khyber Pakhtunkhwa: -

i). **Vertical Gap**

At the moment the Social Protection is given to only Industries and Corporate Sector particularly. The covered labour is far lesser then total labour force and their dependents in corporate and industrial sectors. This gap in Industrial & Corporate Sector labour force social protection needs targeting.

ii). **Horizontal Gap**

The labour force is employed in Agriculture Sector, Services Sector, Mining Sector, formal and informal Sectors. However, only industrial and Corporate Sector is covered by the Government. More than 80% labour force is employed in Agriculture and informal sector, which needs social protection.

iii). Gap with reference to degree of social protection

Labour force and their dependents needs Social Protection on different occasions along their life cycle. Social Protection is required during unemployment period, sickness, social occasions, post retirement security and in the event of death of the worker. Very small amount and few occasions of life cycle are socially protected amongst labourers and their families. Enhancement in the amount of grants and coverage throughout life cycle is required.

3. The Government can achieve that target of maximum social protection to almost all the labour force and their dependents in all sectors of economy through following measures:

- i. Restructuring and Capacity building of Government Departments; Directorate of labour, Employees Social Security Institution (ESSI) and Workers Welfare Board (WWB).
- ii. Public- Public partnership amongst inter- government and intra-government departments may be developed. Government low grade employees may also be given social protection. Social Welfare, Health Department, zakat & Ushar, Federal & Provincial Government for income generation, health care, social support, cash support etc may develop partnership.
- iii. Public- Private partnership may be developed with Insurance Companies, training skill developed, marketing, health care, insurance schemes to increase social protection.
- iv. Private- Private partnership through regulatory support of the government and incentivizing the social protection may be made for the private sector.
- v. Public-Community partnership may be developed for enhanced social protection in different parts and sectors.
- vi. Public – Industrialists partnership for self employed, skill development, training and marketing may be developed.

- vii. Public –Philanthropic Organizations partnership may be developed for marginalized people, microfinance for income generation, medical support etc.
 - viii. Public – Donors Partnership may be developed for regulatory work, international best practices, training, exchange information, conventions, laws structures etc to enhance social protection amongst workers. Financial and technical partnership may be included.
 - ix. Government Fiscal Policies may be made with more tilt towards social protection, welfare education, health of laboures and their dependents.
4. Detailed work plan can be prepared to implement this strategy on annual or Medium Budgetary Framework basis.

Social Protection Strategy

Introduction

Social protection is a preventive, remedial and supporting mechanism against social risks, crimes, losses, un-employment, diseases, death etc. Social Protection may be provided through different strategy, policies and activities for reduction of un-employment, disease, risk to health, disability and social threats. International organization, Non Governmental Organizations, philanthropic organizations communities provide social protection. [Aniceto C. Orbeta Jr (2011), Michelle Adato, Akhter Ahmed, and Francie Lund]. Government of Pakistan in general and Government of Khyber Pakhtunkhwa specially are providing social protection to their residents through various Departments including, Social Welfare & Women Development Department, Health Department, Zakat & Ushr Department, Law & Human Rights Department, Industries Department, Education Department and Labour Department.

Social Protection during life-cycle:-

Social protection is required from “cradle to grave”. At different stages of life childhood, boyhood adulthood, pre-retirement age, post-retirement age different type of social protection may be required. A worker and his dependents need protection against malnutrition, discrimination, unemployment, injustice and access to food, shelter, medication, education, protection against disasters and security in old age. [For example may see; Mostavi Mihaela Cristina (2012), Fouarge Didier,(2003), Drăcea Marcel, Matei Gheorghe (2009), Aniceto C. Orbeta Jr (2011), Michelle Adato, Akhter Ahmed, and Francie Lund]

Social Protection is needed for all segments of the Society, male and female, young age, adult, old age, physically and mentally weak persons residing in different parts of the country.¹ The Social Protection provides hedging against expected risk to life, health, earnings, un-expected social needs to changing circumstances, manmade calamity (law and order), natural calamity and economic business cycle etc.² The risk factors are high in Khyber Pakhtunkhwa, being high risk prone area demands more social protection for residents in pursuance of the Article No.38 of Constitution of Pakistan. The Government is making multiple efforts to give social protection to its residents through different Departments and Organizations.

The Labour Department is contributing to give social protection to labourer. Currently formal sector labourer mainly from Industries and Corporate Sector are giving social

¹ For more details see Marco Sanfilippo, Chris de Neubourg, Bruno Martorano (2012)

² May see Aniceto C. Orbeta Jr (2011)

protection of different types through its following attached Departments.

- Directorate of Labour (DOL)
- Employees Social Security Institution (ESSI)
- Workers Welfare Board (WWB)
- Workers Children Education Board (WCEB)

Total Labor Force of the Province is 7.31 million, Rural 6.11 and Urban 1.2 million comprising of formal, informal, public and private sectors. Total number of workers secured during the year 2012-13 is around 60000.

Directorate of Labour registers the labourers and then the registered labourers are secured through Employees Social Security and Workers Welfare Board in health, education and social occasions in the following³:-

- i. Medical Care to labourers and dependents,
- ii. Cash benefits on bed 75% of respective labour's pay,
- iii. Injury benefit 100% pay of respective labours,
- iv. Disability gratuity upto 20%,
- v. 21 to 66% Disability Pension,
- vi. Survival Pension to dependents for one year post death,
- vii. Health care plus Death Grant (one month Salary),
- viii. For female workers "Iddat" benefit: salary 100% for 120 days.
 - Medical facilities
 - Cash benefits
 - Education facilities
 - Scholarships to workers children
 - Marriage grant
 - Compensation for injury during work
 - Death grant

³ For more details see Arif Umaira and Ahmed Eatraz, (2010).

Gaps in Social Protection Services:-

Although the working community has been provided certain type of social protection in the province still there are some gaps which need to be addressed for making them more productive. All the needs of the working community have not been sufficiently addressed. Total labour force of the province has not been covered and all basic needs of the covered labour force have not been satisfied⁴.

There are gaps in the Social Protection provided to the person and total existing potential of the Province. The gaps are given below:-

I) VERTICAL GAP

Currently Employees Social Security Institution (ESSI) is extending Social Services to around 60,000 workers and around 340,000 dependents of the workers. Total work force in the Province is more than 7.3 million which includes both formal and informal workers. The formal labour reported by the industrialist, industries and corporate units registered are less than actually employed labourer and actual production units working in the Province. The Government will minimize this gap by registering all the employed workers. Following measures may lead to achieve higher targets to cover the gaps.

i) Restructuring and Capacity Building of Directorate of Labour (DOL).

The role and performance of Directorate of Labour (DOL) will be improved in cost effective manner. Currently DOL has active presence and physical establishment in around 16 districts. A more dynamic, time and cost efficient and delegation of

⁴ May see Aniceto C. Orbeta Jr.(2011)

power based structure would be established through restructuring of the DOL.

Capacity building of the DOL, ESSI and others Organizations would be made to meet future demands in all the 25 Districts of the Province in all the Sectors.

ii) **Networking with offices, productions units.**

Networking will be done in offices of Labourers, Unions, Chambers of Commerce, Industries, Industrialist Associations, Mine Workers Association, other Provinces, Federal Government Agencies including Employees Old Age Benefit Institution (EOBI), Workers Welfare Fund (WWF), Benevolent Fund (BF), National Data Base & Registration Administration Authority (NADRA) others and donors.

iii) **Tracking System and personal IDs to labourers.**

Tracking System and personal Identifications number would be allotted to labourers which will be placed in central data bank and would have complete record of employers and contribution made for or made by that particular labour over labour life.

II) HORIZONTAL GAP

In the Province Labourers are employed in Agriculture Sector, Mining Sector, Small and large Scale Trading, Vendor Industry, Low and high level services Sector. Currently the Government is covering formal sector of Industry and Corporate Sectors. The gap exists for the coverage of all remaining above mentioned Sectors.⁵ The Government would

⁵ For more may see Aniceto C. Orbeta Jr.(2011)

plan to cover labourer employed in Agriculture Sector, Mining Sector, Informal Sector, Services Sector, Vendors etc through following measures:-

i) **Offering New Products /Packages.**

The Government would extend to all Sectors by offering new package. The labourers and employers may opt for their compatible package in various sectors on different time periods and in various parts of the Province.

ii) **Voluntary Scheme**

The voluntary scheme may be introduced for the individuals, self employed person and those who want, may contribute towards any other person may be brought in the ambit for social protection.

iii) **Mining Sector**

Mining Sector may be covered through formal means, interaction with group of labour, representative of labourer and individual, mining workers, employers, traders etc throughout the Province.

iv) **Agriculture sector**

Agriculture Sector may be given social protection through involvement of farmers, farm labourers, land owners, small land owners, self farming owners, agriculture traders and representative of Agriculturist Association formers Bodies.

v) **Service Industries etc.**

Service Industries may be given Social Protection through involvement of formal and informal units, companies, individuals, traders and vendors.

III) DEGREE OF SOCIAL PROTECTION GAP.

Currently the Government is providing social protection to formal labourer in the form of package to cover the risks of disease and temporary unemployment during disease period, small support to meet social needs etc. The dependents of labourer are also providing medical care and housing facilities. This protection covers specific part of their life, short term and only when they are on work. The gap exists between actual requirement of social protection during different phases of life cycles including childhood, boyhood, adulthood, pre and post retirement and after death to the families. Gap also exists with respect to quantum of social protection linked earning profile of the persons. The gap also exists with respect to coverage of un-employed labourer due to seasonal, cyclical, structural un-employment in the economy, therefore the Government is planning to fill all these gaps and give social protection to the labourer of all types and their dependents irrespective of the sector they are belonging to.⁶ The social protection may be increased through following steps:-

- i) Public-Public partnership amongst various government and departments may be developed⁷. Government low grade employees may also be given social protection. Social Welfare, Health Department, Zakat & Ushr, Federal & provincial Governments for income generation, health care, social support, cash support etc may develop partnership.
- ii) Public-Private partnership may be developed with insurance companies, trading, skill development, trade, marketing, health care,

⁶ May see Jean-Claude Barbier (2007).

⁷ May see Shah Syed Akhter Hussain, Khalid Mahmood and Shah Tariq (2012).

- Insurance schemes to increase social protection.
- iii) Private-Private partnership through regulatory support of the government and incentivizing the social protection may be made.
 - iv) Public Community Partnership may be developed for enhanced social protection in different parts and sectors.
 - v) Public-Industrialists partnership for self employed, skill development, training, and marketing may be developed⁸.
 - vi) Public-Philanthropic Organizations partnership may be developed for marginalized people through supply of microfinance for income generation, medical support, social risk coverage etc⁹.
 - vii) Public-Donors Partnership may be developed for regulatory frame work, international best practices, training, exchange information, conventions, laws structures etc to enhance social protection amongst workers. Partnership may develop social infrastructure, physical infrastructure and revolving funds for social protection in different forms.
 - viii) Government Fiscal Policies may be made with more tilt towards social protection, welfare, education, health of labourers, dependents of all the workers.

⁸ For details see Small Industries Development Strategy, government of KPK (2010).

⁹ For details may see Shah Syed Akhter Hussain, Tashfeen Asghar, Shah Tariq (2013)

Conclusion

Within a considerable time the gaps would be covered by utilizing resources available to the Government with private sector, corporate sector, philanthropic organization and international donors through adoption of different models of governance. Public-Public partnership, Public-private partnership, public-community partnership and tripartite partnership may be used to increase social protection. The resources may be made available through additional generation, extraction of funds from private sector donation, establishment of revolving fund etc. All the worker in all the sectors would be getting social protection throughout the province.

References

1. Arif Umaima and Ahmed Eatzaz, (2010), *Pension System Reforms for Pakistan: Current Situation and Future Prospects*. PIDE Monograph, Pakistan Institute of Development Economics Islamabad Pakistan.
2. Mostavi Mihaela Cristina (2012), *Review of International Comparative Management*, Volume 13, Issue 1, March.
3. Didier Fouarge, (2003), Report for the Employment and Social Affairs DG, January, http://www.ucc.ie/social_policy/EU-docs-socpol/Fouarge_costofnonsoc_final_en.pdf, Eurodiaconia, Policy Paper Social Services and Migration.
4. Peter A. Cornelisse, Kees P. Goudswaard, (2001), (MPRA) Munich Personal RePEc Archive, MPRA paper No. 21297, posted 13. March 2010 10:39 UTC, Department of Economics, Leiden University.
5. Anechitoae Constantin, (2012) , *Ovidus university annals , economic sciences series*, volume XII, issue 2, year2012 ,The Faculty of Law, Administrative Sciences and Sociology, Ovidius University of Constanta.
6. Marcel Drăcea, Gheorghe Matei,(2009), Finance - Challenges of the Future, University of Craiova, Year VIII, No.9/2009 , 01/2009; 1(9):59-65, www.financejournal.ro/fisiere/revista/1703612901FPV09_07
7. Sanfilippo Marco, Chris de Neubourg and Bruno Martorano Robert (2012), a review of the literature "the impact of social protection on children, office of research working paper, WP-2012-06/ june 2012, European University Institute, UNICEF Office of Research.
8. Orbeta Aniceto C., J R . (2011), Social Protection in the Philippines: Current State and Challenges, March 2010, DISCUSSION PAPER SERIES NO. 2011-02, Philippine Institute for Development Studies (PIDS).
9. Barbier Jean-Claude, (2007), Welfare state and competitiveness, CES working papers, centre national de la recherche scientifique, university of Paris(presentation to the international workshop).
10. Adato Michelle, Akhter Ahmed and Francie Lund, IFPRI, Conference on Assuring Food and nutrition security in Africa by 2020-proceedings on All -Africa Conference conferences.ifpri.org/2020AfricaConference/pubs.asp, 2020 Africa Conference Brief .

11. Shah Syed Akhter Hussain, Khalid Mahmood and Shah Tariq (2012). Public-Public Partnership, Seminar for Working Paper at Pakistan Institute of Development Economics, Islamabad Pakistan.
12. Shah, Syed Akhter Hussain Government of KPK (2010), *Small Industries Development (SIDB) Strategy*.
13. Shah Syed Akhter Hussain, Asghar Tashfeen, Tariq Shah, (2013), Social Protection through philanthropic organizations: a divine economics approach. *Kashmir Economic Reveiw* (in print).

